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The Teaching Health Center Graduate Medical Education (THCGME) Program: Increased Funding and Policy Changes in BBA 2018

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Teaching health centers (THCs) are outpatient facilities that receive federal funds directly to train medical and dental residents. These facilities are operated by federal health centers, rural health clinics, and tribal health programs, among others. THCs typically provide care to low-income and otherwise underserved populations and are generally located in federally designated health professional shortage areas (HPSAs). The federal government created the teaching health center graduate medical education program (THCGME) in 2010 to pay THCs for the expenses they incur when training residents.

However, most residents receive the bulk of their training in teaching hospitals, not THCs. Such training is generally supported in the form of graduate medical education (GME) payments made by a number of government programs directly to hospitals based, with some limits, on the number of residents the hospital trains. Medicare is the largest source of GME support.

A number of expert groups have criticized the hospital-focused nature of residency training, potentially favoring increased emphasis on THCs. Some have argued that health care is shifting to nonhospital settings and that hospital-focused training may not adequately prepare residents to provide outpatient care. Residencies in THCs may ready physicians for such a shift in health care. In addition, THCs may also train the types of residents that experts identify as most needed. Expert groups have found primary care shortages and particularly recommend increasing primary care training in underserved areas (often home to THCs). Past research has shown that medical residents are more likely to practice in areas near their residency training sites. Thus, some experts suggest that training residents at facilities within HPSAs—including THCs—could be a way to alleviate geographic shortages.

Legislative History and Funding

THCGME was created by the Patient Protection and Affordable Care Act (ACA, P.L. 111-148), and the first class of residents began their three-year training programs in 2011. The ACA provided a direct appropriation of $230 million for FY2011 through FY2015. THCGME is administered by the Health Resources and Services Administration (HRSA), an agency within the Department of Health and Human Services (HHS). From 2011 through 2015, the number of THCGME training programs increased, as did the number of residents trained (see **Table 1**). The program supports residencies at THCs in 24 states.

THCGME's funding was extended for FY2016 and FY2017 in the Medicare and CHIP Reauthorization Act (MACRA, P.L. 114-10), which provided $60 million for each year. (The FY2017 amount was reduced to $55.9 million by the sequester.) With MACRA funds, HRSA continued its support of existing training programs but did not expand the program to new THCs. FY2018 funding has been provided under three laws: (1) the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (P.L. 115-63) provided $15 million for the first quarter of FY2018; (2) P.L. 115-96 (Division C—Health Provisions of the Further Additional Continuing Appropriations Act, 2018) struck the $15 million that had been provided for the first quarter of FY2018 and appropriated $30 million for the first two quarters of FY2018; and (3) P.L. 115-123 (Bipartisan Budget Act of 2018, BBA 2018) provided $126.5 million for each of FY2018 and FY2019. BBA 2018 also struck the first two quarters of funding that had been provided in P.L. 115-96 and included several changes to the THCGME program outlined below.

Table 1. Teaching Health Center Residents and Program Funding

Academic Year	Number of Residents (Full-Time Equivalents) Funded	Total Number of Residents Trained	Number of Residency Programs Funded	Funding Source
2011-2012	63	N/A	11	ACA[a]
2012-2013	143	158	22	ACA[a]
2013-2014	327	361	44	ACA[a]
2014-2015	556	600	60	ACA[a]
2015-2016	660	758	60	MACRA[b]
2016-2017	N/A	N/A	59[c]	MACRA[b]
2017-2018	800[c]	N/A	59[c]	BBA 2018[d]

Source: CRS Analysis of Budget Documents from the Health Resources and Services Administration.

Notes: Academic years = July 1-June 30; for example, the 2017-2018 academic year began July 1, 2017. N/A=not available.

a. ACA provided $230 million for FY2011-FY2015.

b. MACRA provided $60 million for each of FY2016-FY2017. The FY2017 amount was reduced to $55.9 million.

c. Number anticipated in the FY2018 HRSA Budget Justification.

d. P.L. 115-63 and P.L. 115-96 had provided FY2018 funding for the first and second quarters.

Program Changes Included in BBA 2018

BBA 2018 includes a number of changes to the THCGME program, in addition to increasing and extending the program's funding. First, it permits THCGME payments to be made to train new residents in existing and newly established programs. As noted, the MACRA funding extension had provided support for residents in programs that were established prior to the law's 2015 enactment. Second, it defines priority when making THCGME payments to train additional residents. Third, it adds new reporting requirements to the program to require that THCs report on:

- the number of patients treated by THC residents,
- the number of visits by patients treated by THC residents, and

- the number of THC residents who completed a residency in the reporting year, and the number and percentage of these residents who (1) entered primary care practice and (2) entered practice at a health care facility in a HPSA or a rural area.

Fourth, it requires the HHS Secretary to submit a report to Congress, by March 31, 2019, on the costs that THCs incur while training residents.

Costs Per Resident

When the THCGME began, there was uncertainty about the appropriate per-resident amount under the program. Such costs may differ from those for hospital-based training programs, because there may be higher training costs in small programs and in outpatient settings. HRSA initially estimated that it would pay $150,000 per resident. For context (within the hospital setting), Medicare estimates it paid $137,000 per resident in FY2013, and the Department of Veterans Affairs estimates it paid $146,000 per resident in FY2015. Recent research found that THCs spend between $145,000 and $169,000 per resident. Some of this variation is because it may cost more to start a new program than to add residents to an existing program. HRSA estimates that the overall per-resident cost for THCs is $157,602. Under MACRA, HRSA reduced its per-resident amount to $95,000 per resident so it could maintain the number of residents the program had supported under the ACA. HRSA was subsequently able to increase this amount for FY2017. The amount per resident that the program will provide with the BBA 2018 funding is not yet known, but the report required by the new law may provide more data on the appropriate per-resident amount for the program going forward.

Outcomes Associated with Teaching Health Centers

Outcomes research associated with training in THCs is preliminary, as the first class completed training in 2014. Initial findings suggest that the program is meeting its stated goals. Specifically, more than 90% of the program's recent graduates are practicing primary care, and 76% are doing so in a HPSA.

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